

Consumer Access to Health Insurer Information (Data Transparency)

(Prepared remarks, not necessarily delivered verbatim)

3:30 p.m., Jan. 16, 2006

Senate Health and Long-Term Care Committee

SB 6232

The problem we are trying to address

Consumers today have very little access to information about health insurance. Unless, of course, they want to rely on all the television ads.

Someone shopping on-line through E-Bay has access to more information about the seller of a product than they do about the company selling them health care coverage.

We need to change that.

This bill I am requesting today would require all insurers offering health plans in Washington to report data to the Office of Insurance Commissioner in one, easy-to-read, consistent format.

This bill is not for the Insurance Commissioner – it's for consumers

My office already receives data from the health insurers.

The challenge is there's a lot of it, and it comes to us through various ways. The trick for consumers is to figure out how to find it. Much of it is among the pages and pages of the companies' annual financial statements.

Consumers should be able to compare one insurer against another. With this bill, they could.

The specified information – 5 factors:

1. The carrier's medical loss ratio – which is the cost of health care services provided as a percentage of premium revenues.
2. Administrative costs –This includes the total amount of general administrative expenses. Plus, it includes the five largest non-medical administrative expenses -- showing how dollars are spent in addition to paying for medical costs. This could include items such as marketing expenses, real estate and capital expenses.
3. Annual rate increases for the health care plans offered by the carrier.
4. The amount of surplus a health insurance carrier maintains.
5. The carrier's profit margins.

To help carriers, my office will develop an electronic form for providing this information. We will post it on a public website so it's readily available.

How this will help

Many experts have identified increased transparency as one strategy to help address the problem of unaffordable health care costs.

The theory is that more information will enhance competitive pressures to control costs.

It also will create better informed consumers who can:

- Learn more about the factors that drive health insurance costs.
- Examine the financial health and efficiency of their insurer.
- Compare and contrast health insurers when choosing coverage.

Our proposal is modeled after the measure adopted by Oregon's Legislature last year.

I respectfully ask for your support.